

Internal Revenue Service  
Regional Commissioner

Department of the Treasury

Date: MAY 11 1982

Key District:

Year(s):

Person to Contact:

Contact Telephone Number:

Gentlemen:

We considered your appeal of the adverse action proposed by your key District Director. The paragraph(s) checked below indicate(s) our decision.

☐ Your exemption from Federal income tax under section 521(c)(4) of the Internal Revenue Code is:

☐ confirmed.

☐ modified. A new determination letter is enclosed.

☒ denied or ☐ revoked. You are required to file Federal income tax returns on Form 1120 for the above years. You should file these returns with your key District Director, EP/EO Division, within 30 days from the date of this letter, unless a request for extension of time is granted.

☐ You are not a private foundation because you are described in Code section(s) \_\_\_\_\_.

☐ You are an operating foundation as described in code section 4942(j)(3).

☐ You have no liability for excise taxes under IRC \_\_\_\_\_ for the above years.

☐ Your liability for excise taxes under IRC \_\_\_\_\_ for the above year(s) was properly reported on your return(s).

☐ There is no change to your unrelated business income tax liability as reported for the above years.

☐ Your Form(s) 990-T for the above years are accepted as filed.

☐

You may direct questions about the decision to the appeals officer whose name and telephone number are shown above.

Sincerely yours,

(Signed) \_\_\_\_\_

Chief, Appeals Office

APR 22 1981

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(4) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

Your purpose as stated in your Articles of Incorporation is to "...Provide for the betterment of the property owners and residents of the [REDACTED] area; to see that the [REDACTED] is run properly and that all assessments and expenditures it renders are fair and equitable as determined by [REDACTED] [REDACTED].....".

You state in your application that your main purpose is to oversee the activities and affairs of [REDACTED]. Specifically to be well informed as to what money paid to [REDACTED] by property owners in [REDACTED] plat is being used for and to insure the money is spent for proper purposes.

You initiated a law suit against [REDACTED] and others in an effort to resolve some of the acts of mismanagement and acts in violation of their articles and bylaws that you believe they have committed.

Your other activities will include the following: Upgrading outdated recreational facilities, sponsor [REDACTED] and other groups in the Park. You also intend to sponsor raffles and "Reno" type affairs to benefit [REDACTED].

Membership in your organization is open to lot owners and homeowners of [REDACTED]. You presently represent [REDACTED] homeowners.

[REDACTED] is a residential subdivision. There are approximately [REDACTED] lots within the subdivision. Roads, streets, water systems, and recreational facilities are privately owned and maintained by the [REDACTED]. Clerical staff and maintenance personnel are hired by the community club. Maintenance as well as employees salaries is paid for from dues. Members of the Board of Directors of the community club are elected yearly.

Section 501(c)(4) of the Internal Revenue Code provides for the exemption from Federal income tax of organizations not organized for profit, but operated exclusively for the promotion of social welfare.

Section 501(c) of the Internal Revenue Code of 1954 describes certain organizations exempt from income tax under section 501(a) and reads:

- (4) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting, in some way, the common good and general welfare of the people of the community.

Revenue Ruling 73-306 1973-2 C.B. 179 denied exemption to a non-profit organization formed to represent member tenants of an apartment complex with regard to matters of mutual concern to the tenants. The service concluded that the organization was operated essentially for the private benefit of members.

Similarly your organization is operated for the benefit of your members, and other residents and landowners of [REDACTED]. You are not primarily engaged in activities for the common good and general welfare of the people of the community in which [REDACTED] is located.

Accordingly, it is held that you are not entitled to recognition of exemption from Federal income tax under section 501(c)(4) of the Code. You are required to file Federal income tax returns on Form 1120 for each year you have been in existence.

[REDACTED]

If you accept our findings, you do not need to take further action.

If you do not accept our findings, we recommend that you request a conference with the Office of Regional Director of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at our Regional office or, if you request, at any mutually convenient District office.

If we do not hear from you within 30 days from the date of this letter, this ruling will become final. If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

[REDACTED]  
District Director

Enclosure:  
Publication 892